

Message Text

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ACTION SS-25

INFO OCT-01 ADP-00 /026 W

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P R 171516Z JUL 73

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TO SECSTATE WASHDC PRIORITY 6868

INFO AMEMBASSY MOSCOW

C O N F I D E N T I A L OSLO 2588

EXDIS

EO 11652: XGDS-3

TAGS: ENRG US UR NO

SUBJECT: SOVIET LNG

REFS: (A) STATE 138288; (B) OSLO 2541

BEGIN SUMMARY. SVENNEVIG AGREED ON JULY 16 THAT NORWEGIAN OFFICIALS WILL MEET WITH THE NORTH STAR GROUP THIS WEEK TO HEAR THEIR PROPOSALS; NO DECISION ON A NORWEGIAN TERMINAL FOR THE SOVIET GAS PIPELINE WILL BE TAKEN BEFORE THE PROPOSAL HAS BEEN FULLY VETTED WITHIN THE NORWEGIAN GOVERNMENT. SVENNEVIG'S INITIAL REACTION IS POSITIVE, BUT AT THIS POINT ELECTION-YEAR PRESSURES FOR DEVELOPMENT OF NORTH NORWAY MAY FACTOR LARGER THAN SECURITY CONCERNS IN HIS JUDGMENT. WE BELIEVE THAT THE ATTITUDE OF THE USG, INCLUDING OUR EVALUATION OF ANY RISK TO OUR SPECIAL SECURITY INTERESTS IN NORTH NORWAY, SHOULD BE CONVEYED TO THE NORWEGIAN GOVERNMENT PROMPTLY. END SUMMARY.

1. I MET WITH UNDER-SECRETARY SVENNEVIG JULY 16 AND ENCOURAGED HIM PER REF A TO MEET WITH THE US NORTH STAR GROUP THIS WEEK.

2. DESCRIBING THE EVOLUTION OF THIS PROJECT FROM HIS GOVERNMENT'S STANDPOINT, SVENNEVIG SAID THAT THE PROPOSAL TO DISCUSS A POSSIBLE LNG TERMINAL IN NORTH NORWAY CAME AS A TOTAL SURPRISE LAST WEEK. NORTH STAR LAWYER, CONFIDENTIAL

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HJORT (FIRM WICKBORG, REIN, RINGDAL AND WAELEGAARD), FIRST APPROACHED THE MINISTRY OF INDUSTRY JULY 10. HE NEXT MET WITH SVENNEVIG JULY 13 WHEN HE WAS INFORMED THAT THE NORWEGIAN AUTHORITIES WOULD NOT MEET WITH THE NORTH STAR

DELEGATION WITHOUT PRIOR US GOVERNMENT AGREEMENT. ON THE BASIS OF THE DEPARTMENT'S MESSAGE, SVENNEVIG AGREED THAT HE WOULD MEET WITH THE GROUP BRIEFLY BUT THEN TURN THE MEETING OVER TO SPECIALISTS IN THE COMMERCE, POLITICAL, AND LEGAL BRANCHES OF THE FOREIGN MINISTRY AND A REPRESENTATIVE FROM THE MINISTRY OF INDUSTRY. HE EXPRESSED CONFIDENTIALLY HIS CONCERN THAT A MEETING AS HIS LEVEL WOULD COME TO THE ATTENTION OF THE STORTING'S EXPANDED FOREIGN AFFAIRS COMMITTEE AND MFA WOULD BE CRITICIZED ONCE AGAIN FOR FAILING TO BRIEF THE STORTING. HE INTENDS TO DO SO BUT FIRST WISHES TO BE BRIEFED ON THE IMPLICATIONS OF THE PROJECT BY THE INTERESTED ELEMENTS OF THE GOVERNMENT, AFTER HEARING OUT THE NORTH STAR REPRESENTATIVES.

3. SVENNEVIG SAID THAT HIS INITIAL REACTION TO THE PROJECT WAS POSITIVE. HE RECOGNIZED THAT THERE WERE SECURITY CONCERNS IN THE NORTH BUT HE COULD NOT SEE WHY IT SHOULD NOT BE POSSIBLE TO EXCLUDE THE SOVIETS FROM ANY INVOLVEMENT WITH THE TERMINAL OR LIQUEFICATION PLANT. ASKED WHETHER DEVELOPMENT OF THE NORTH WAS AN IMPORTANT CONSIDERATION IN HIS REACTION, SVENNEVIG SAID THAT IT WAS; THAT NORWAY WOULD BE MUCH LESS INTERESTED IF, FOR EXAMPLE, THE TERMINAL WERE TO BE NEAR OSLO. SVENNEVIG HAD NOT UNDERSTOOD THAT KIRKENES WAS THE PREFERRED LOCATION FOR THE TERMINAL AND HE SAID THERE WERE OTHER PORTS IN THE GENERAL AREA WHICH WERE IN GREATER NEED OF DEVELOPMENT.

4. IN ANSWER TO MY QUERY, SVENNEVIG SAID THAT HE HAD RECEIVED NO ANALYSIS OF THE SECURITY IMPLICATIONS OF THE PROJECT. HE ACKNOWLEDGED THAT THERE WAS A DANGER OF EMBARRASSING PRESS DEBATE SHOULD THERE BE A CONFLICT OF INTEREST BETWEEN THE SECURITY AND DEVELOPMENT ASPECTS OF THE PROJECT. BUT HE SAID FIRMLY HE DID NOT CONSIDER IT REALISTIC TO TRY TO KEEP INFORMATION ABOUT THE PROJECT OUT OF THE PRESS, PARTICULARLY WHEN A LOCAL LEGAL FIRM AND INTERNATIONAL BUSINESS INTERESTS WERE INVOLVED.

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5. SVENNEVIG IMPLIED THAT HIS GOVERNMENT HAD BEEN CAUTIOUS ABOUT DEALING WITH THE NORTH STAR GROUP, NOT SO MUCH OUT OF SECURITY CONCERN BUT BECAUSE IT DID NOT KNOW WHETHER THERE MIGHT NOT BE SEVERAL FIRMS COMPETING FOR THE SAME PROJECT. THE FACT THAT NORWAY WOULD NOT PROVIDE THE ONLY TERMINAL FOR THE PIPELINE SOMEWHAT REDUCED ITS STRATEGIC IMPORTANCE, SVENNEVIG SAID, AND CORRESPONDING NORWEGIAN FEARS THAT THE PRESENCE OF THE TERMINAL WOULD HEIGHTEN THE VULNERABILITY OF NORTH NORWAY AT A TIME OF TENSION. NORWAY WAS FURTHER REASSURED BY ITS UNDERSTANDING THAT ALL THE SHIPS EQUIPPED TO TRANSPORT THE GAS WOULD BE AMERICAN CHARTER. HE INSISTED THAT THE ONLY PURPOSE OF MEETING WITH THE NORTH STAR GROUP WOULD BE TO LISTEN TO ITS PROPOSAL.

NO DECISION WOULD BE TAKEN BEFORE THE PROPOSAL HAD BEEN VETTED BY ALL THE INTERESTED AGENCIES.

6. COMMENT: IT IS OF COURSE IMPORTANT THAT AN OFFICIAL US POSITION ON THE PIPELINE TERMINAL BE DEVELOPED ONLY AFTER FULL CONSIDERATION OF OUR SPECIAL SECURITY INTERESTS IN NORTH NORWAY. THE NORWEGIANS' OWN VIEW OF THE RISKS INVOLVED WILL NATURALLY WEIGH HEAVILY IN THEIR DECISION, BUT IT SEEMS CLEAR FROM THEIR APPROACHES TO DATE THAT THEY ARE VERY MUCH INTERESTED IN BEING CERTAIN THAT THE IDEA HAS US GOVERNMENT BACKING.

7. WE HAVE NOW HAD QUERIES OR EXPRESSIONS OF NORWEGIAN INTEREST FROM THE PRIME MINISTER, THE CHIEF OF DEFENSE, THE ACTING HEAD OF THE FOREIGN MINISTRY, AND (AS REPORTED IN OTHER CHANNELS) THE NORWEGIAN INTELLIGENCE SERVICE. THIS LEAVES US A LITTLE UNCERTAIN AS TO HOW CLOSELY THE RIGHT AND LEFT HANDS IN THE NORWEGIAN GOVERNMENT ARE IN TOUCH. INFORMATION ON SENSITIVE PROJECTS IN THE NORTH IS CLOSELY HELD WITHIN THE NORWEGIAN GOVERNMENT, AND IT IS NOT POSSIBLE TO TELL FROM SVENNEVIG'S GENERAL REMARKS ON SECURITY TO WHAT EXTENT HE PERSONALLY HAS BEEN BRIEFED; THE PRELIMINARY REACTIONS HE GAVE ME MAY BE LARGELY A REFLECTION OF PRESSURES IN AN ELECTION YEAR FOR PROMOTING DEVELOPMENT OF THE NORTH. IT WOULD ALSO FACILITATE OUR RELATIONS WITH THESE DIFFERENT ELEMENTS OF THE BUREAUCRACY AND ENCOURAGE INTERNAL COORDINATION IF THE EMBASSY COULD CONVEY AN OFFICIAL RESPONSE FROM ADMIRAL MOORER TO THE SECURITY CONCERNS ARTICULATED
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BY GENERAL ZEINER GUNDERSEN AND CONVEY THE SAME VIEWS TO SVENNEVIG.

8. EVEN IF NO FORMAL REPLY IS PLANNED FROM ADMIRAL MOORER, IT WOULD STILL BE HELPFUL TO US IN OUR DEALINGS WITH THE NORWEGIANS IF WE KNEW THE USG'S ATTITUDE TOWARD THE SECURITY IMPLICATIONS OF THE LNG TERMINAL PROJECT. IF WE HAVE CONCERNS, THEY SHOULD BE MADE KNOWN TO THE NORWEGIANS PROMPTLY, TO HEAD OFF THE DANGER OF A PRESS DEBATE, PRE-ELECTION CHARGES THAT A PROJECT INITIALLY ENCOURAGED FOR ECONOMIC AND DEVELOPMENTAL REASONS LATER HAD TO BE DROPPED ON SECURITY GROUNDS, AND POSSIBLE PROBING QUESTIONS ABOUT THE NATURE OF THE SECURITY RISK. IF WE ARE NOT CONCERNED, THIS FORM OF GUIDANCE WOULD ALSO BE HELPFUL. SINCE THIS PROJECT IS
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CIATE BEING KEPT INFORMED OF THE GENERAL OUTLOOK FOR THE
NORTH STAR PROJECT AND OF PROGRESS IN NEGOTIATIONS WITH
THE SOVIETS.

9. WE HAVE JUST BEEN INFORMED THAT THE MFA IS INSTRUCTING
ITS EMBASSY TO DISCUSS THE PROJECT WITH THE DEPARTMENT.
THIS SHOULD ALSO PROVIDE AN OPPORTUNITY TO MAKE OUR
VIEWS KNOWN. BUCHANAN

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